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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Jeffrey S. Bork  
Corporate Counsel  
U S WEST, Inc.  
1801 California St., Suite 51200  
Denver, CO 80202

Dear Mr. Bork:

This letter responds on behalf of AT&T to your July 1, 1996 letter addressed to AT&T and MCI, purportedly to request information about inputs to the Hatfield Model, Version 2.2, Release 1 ("the Hatfield Model") filed by AT&T in the FCC's interconnection docket.

As you know, on June 13, 1996, U S WEST filed with the FCC a petition requesting discovery of "any and all inputs" to the Hatfield model. AT&T stated in its Opposition that the real objective of U S WEST's Petition is not to obtain information it needs to run the model or analyze its results, but to confuse and delay the resolution of issues that are critical to the introduction of competition into the local exchange. The complete lack of substance to the complaints and "concerns" expressed in your letter about the Hatfield Model and AT&T's prior disclosures with respect thereto appears to confirm that obstruction, not analysis, is indeed U S WEST's goal.

As an initial matter, your repeated complaints that U S WEST had been trying "for months" to obtain the Hatfield Model are simply wrong. As AT&T explained in its Opposition, prior to the filing of U S WEST's Petition, no party in this FCC proceeding (including U S WEST) asked for a copy of the Model AT&T filed with the FCC. Further, U S WEST's claims about its need for purportedly "missing" data are ironic in view of the fact that while AT&T has not withheld the Hatfield Model, U S WEST steadfastly refuses to disclose in its Section 251 negotiations with AT&T any of its own cost data.

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Your complaint that AT&T did not provide certain modules used with the Hatfield Model is disingenuous. No party has a greater interest than AT&T in a fair and expeditious resolution of the pricing issues in this proceeding. Accordingly, AT&T filed all of the modules needed to run the Hatfield Model that it could without permission of other parties. The remaining modules are all subject to copyrights owned by other parties, including what you describe as the data and loop modules (which are part of the BCM model, of which U S WEST is a co-owner), and the LERG data (owned by Bellcore, of which U S WEST is a co-owner). Because U S WEST or its affiliates owns all of these data, the fact that they were not filed by AT&T could not have hindered U S WEST's ability to run or analyze the results of the Hatfield Model -- as your letter concedes.

The assertions in your letter that AT&T, MCI or Hatfield have improperly adjusted or failed to disclose adjustments to the data modules used in the Hatfield Model, to the detriment of U S WEST, are likewise meritless. For example, the ARMIS data used in the model was obtained from the Commission (which collects it in turn from U S WEST), and was not altered in any way.

Further, contrary to the suggestion in your letter, all of the material adjustments that were made have been disclosed. Thus, AT&T disclosed all of the adjustments made to the "User Adjustable Inputs" to the BCM Model. In addition, AT&T's May 16 filing (Appendix E, p. 14) disclosed that because the BCM Model upon which the Hatfield Model relies "appears to understate" the structure cost of loop distribution in sparsely populated areas, Hatfield made upward adjustments to those costs. Ironically, the effect of these adjustments was to increase the loop cost estimates, to the benefit of U S WEST and other incumbent LECs.

The remaining adjustments made by Hatfield were intended to correct minor and obvious errors and omissions in the modules taken from the BCM Model, and did not have a material effect on the results produced by the Hatfield Model. For example, the most common adjustment was necessary to correct misformatting of the codes (e.g., omitting one of the characters comprising the code) indicating the soil type of particular census block groups (soil type being one of the variables affecting calculation of loop costs). As a co-owner of the BCM Model, U S WEST presumably became aware of these errors in attempting to run BCM itself.

In sum, AT&T believes that it has made all necessary disclosures with respect to the Hatfield Model, and that U S WEST's claims that it needs further information to run the Model are baseless.

Sincerely



Roy E. Hoffinger

cc: Regina Keeney (FCC)  
Leonard Sawicki (MCI)  
Don Sussman (MCI)